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News Release

FOR IMMEDIATE RELEASE
Monday, July 27, 2009
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Eden Prairie man convicted of wire fraud, money laundering

A 55-year-old Eden Prairie man was convicted today in federal court for orchestrating a scheme to obtain money from investors for a fraudulent overseas development project.

After less than seven hours of deliberation, a jury convicted John Jefferson of six counts of wire fraud, nine counts of money laundering and three counts of failure to file tax returns. The jury reached its verdict following a five-day trial in St. Paul. Jefferson was indicted on Dec. 9, 2008.

From at least Dec. 24, 2003, through Aug. 20, 2006, Jefferson told falsehoods about the scheme to an unwitting third person, who in turn solicited money from victims by repeating Jefferson's falsehoods. Victims were told Jefferson was supposedly working on an overseas development project. Victims were told the project concerned extraction of natural resources from the African nation of Liberia, and that an investment would allegedly pay them high rates of return.

Victims were also told Jefferson had connections with a senior United States government official in the national security field, as well as connections with the governments of various African nations. Victims were told the project had the backing of various present and former senior U.S. national security officials and senior officials of foreign governments.

Instead, the victims' money was used by Jefferson to support a lavish lifestyle for himself and his family, including luxury automobiles; rent on townhomes for family members; and cash disbursements to his spouse and adult children (in some cases exceeding \$100,000 per disbursement).

Victims of the scheme were initially drawn from a wide circle of acquaintances or professional contacts of the unwitting third party who was used by Jefferson to solicit money. The unwitting person believed s/he would share in the ultimate payout of the project, which the unwitting person believed would be approximately \$4.4 billion.

Victims gave money to the unwitting person through wire transfers, and the unwitting person sent the money to Jefferson through either through a wire transfer or by hand, delivering cash, money orders and/or cashier's checks.

Jefferson also engaged in monetary transactions involving money derived from the wire fraud, including the purchase of two Toyota Camry XLEs and three Mercedes Benzes. Moreover, he failed to file federal tax returns in 2004, 2005 and 2006.

Jefferson faces a potential maximum penalty of 20 years in prison on each wire fraud count, 10 years on each of the money laundering counts and one year on each tax return count. U.S. District Court Judge Richard Kyle will determine Jefferson's sentence at a future date.

This case is the result of an investigation by the Internal Revenue Service-Criminal Investigation Division. It is being prosecuted by Assistant U.S. Attorney John Docherty.